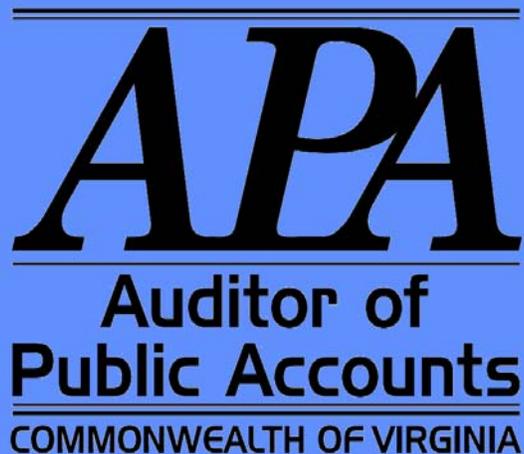


**PROGRESS REPORT ON SELECTED
SYSTEMS DEVELOPMENT PROJECTS
IN THE
COMMONWEALTH**

MARCH 2012



REPORT SUMMARY

This report reflects our on-going review of \$205 million in Commonwealth systems development projects. The following systems development projects have risks that could adversely change either the project's scope, delay the implementation schedule, or increase costs.

- Cardinal and Performance Budgeting Enterprise Applications; both applications require continued financial support for their operations and maintenance; however, no funding methodology has been finalized.
- Modernization; the Retirement System has again rescheduled the implementation dates for the project and reduced the vendor's involvement.
- Customer Services System Integrated Systems Redesign; Motor Vehicles has cancelled this project after having spent about \$28 million.
- Financial Management System and Unemployment Insurance Modernization Project; risks continue in the area of systems hosting and long-term financial resources.

Our review goal is to detect problems at the earliest possible point and alert decision makers to this information, thereby reducing potential project failures. In this report, we highlight the progress of selected projects we are actively monitoring as well as any recommendations that pertain to improving their project management practices.

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HIGHLIGHTS OF SELECTED SYSTEMS DEVELOPMENT PROJECTS

Cardinal and Performance Budgeting Enterprise Applications Departments of Planning and Budget and Accounts

Current Overview

Planning and Budget implemented the Performance Budgeting system and Transportation implemented the Cardinal system during calendar year 2011. Performance Budgeting is the Commonwealth's enterprise budgeting system that agencies use to develop and execute the statewide budget. Cardinal is Transportation's administrative accounting system based on Oracle's PeopleSoft software. Cardinal is now moving to a new phase whereby the Department of Accounts will implement its general ledger and accounts payable modules to become the Commonwealth's enterprise accounting system, replacing the outdated Commonwealth Accounting and Reporting System (CARS).

Risks

Operating and maintaining these enterprise systems will require continued financial support from the agencies that use them. The Governor's 2013-2014 budget provides \$1.7 in General Fund support for the Performance Budgeting system for this purpose. Cardinal is estimated to require about \$3 million in annual General Fund support; however, this estimate was not known before the 2013-2014 budget dead line and therefore no provision for this support was included. The Controller expects this support will be included in the Governor's December 2012 budget submission.

The Governor's budget will also need to include additional agency appropriations to cover future bills they will pay for using both Performance Budgeting and Cardinal. If agencies receive these bills before they have additional appropriations, agencies will need to cut costs in other programs.

Modernization Program Virginia Retirement System

Current Overview

The Virginia Retirement System (Retirement System) is replacing their existing mainframe-based software systems with a web-based platform, changing the way employers and members interact with the Retirement System. During calendar years 2010 and 2011, the Retirement System continued to experience vendor project management and communication issues as well as project schedule slippage. On two separate occasions, the Retirement System worked with their vendor, Sagitec, to revise the project plan and develop more rigorous project monitoring tools.

In November 2011, the Retirement System identified tasks on the critical path that were

slipping and determined that the planned March 2012 implementation for the current phase was no longer attainable. Because of the delays, the Retirement System decided to reduce Sagitec's involvement with the project and both parties are currently in contract negotiations to determine the level of Sagitec's involvement in the remaining development efforts. Additionally, due to resource demands due to the typical rise in the retirement rate at fiscal year-end, implementation of the current phase would need to wait and go live in the fall of 2012, approximately one year later than the original go-live date.

The Retirement System has spent the last couple months working on a revised and more detailed project schedule and staffing plan. The project management team has adjusted project documentation accordingly and in winter of 2012, the Retirement System re-baselined the project schedule and project resourcing plans. To meet the current phases' implementation of October 1, 2012, the Retirement System has begun hiring more staff in house and scheduling Sagitec on a limited basis for the remaining portions. At this time, the Retirement System plans to continue to move forward with next phase once they stabilize the current phase.

Risks

Resources continue to be one of the projects greatest risk factors to this project's success. As the Retirement System reduces Sagitec's involvement, hiring and retaining sufficient resources to fulfill the new project schedule is essential. In addition, proposed legislative changes to the Commonwealth retirement plans could have a significant impact on the timeline of the Modernization Project. As new legislative changes are mandated, the Retirement System will need to shift resources from this project to implement the new legislative changes, therefore reducing the number of resources available to work on the development and testing of the project.

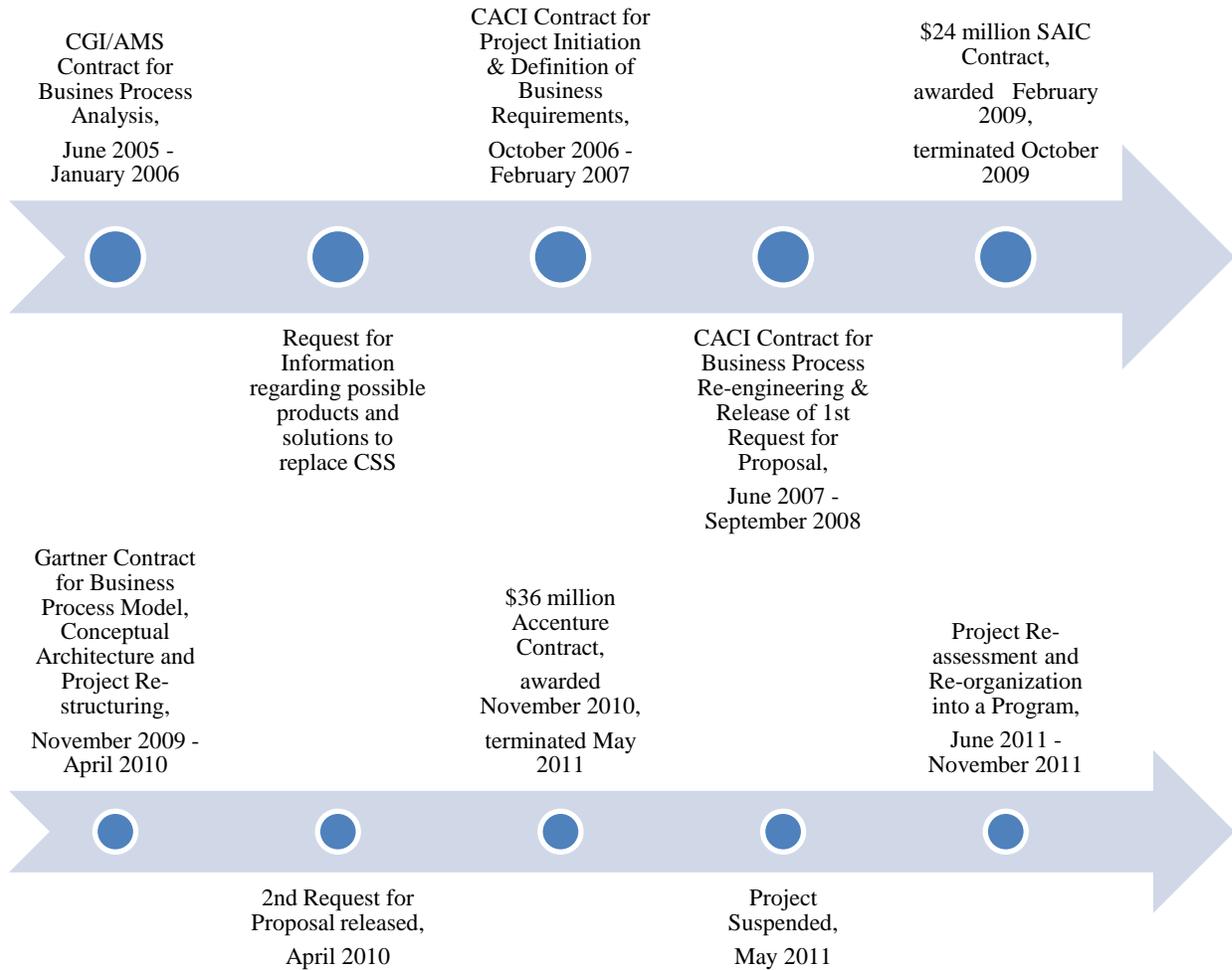
Customer Services System Integrated Systems Redesign Department of Motor Vehicles

Background

In 2005 Motor Vehicles started the process to modernize their primary customer data system, Citizen Services System (CSS), but has realized limited results from this effort. Motor Vehicles originally estimated the replacement of CSS would cost \$32.5 million, but by early 2011, the budget for the project called "CSI" had grown to over \$90.0 million as Motor Vehicles refined their estimates for internal labor, hardware and external costs.

CSI stands for Customer-centric, Secure, Service-oriented, state-of-the-art, and intelligent. The following timelines highlight the starts and stops to the CSI project and its duration, as Motor Vehicles has attempted to define and refine their system requirements and implementation approach.

CSI Project Timeline – 2005 to Present



The development of a sufficiently detailed project approach as well as scoping of the nature and extent of work has proven difficult. As reflected above, since 2005 Motor Vehicles has attempted to partner with development and implementation vendors; however, they cancelled each contract due to disagreements involving the details of each proposed development and implementation approach as well as the scope of the work.

Project Costs

Thru June 2011, Motor Vehicles has spent over \$27.9 million on this effort as shown in the table below.

Vendor	Amount	Nature of Expense
CGI/AMS	\$ 1,856,250	Consulting Staff - Business Process Analysis to defined scope, goals, objectives for CSI
CACI	1,750,971	Consulting Staff - Project Initiation, Definition of Business Requirements, Business Process Re-engineering, and aid with first Solution Procurement
SAIC	1,620,009	Consulting Staff - Project Initiation, Detailed Design Activities for first Solution
Gartner	417,716	Consulting Staff - Requirements Validation for second Solution
Accenture	4,037,470	Consulting Staff - Project Initiation, Detailed Design Activities for second Solution
Accenture	3,611,245	Software and Hardware for second Solution
VITA	3,385,172	Software and Hardware
Motor Vehicles	9,861,542	Internal staff costs from April 2005 to June 2011
Other	1,364,148	Miscellaneous
Total	\$27,904,523	

Motor Vehicles anticipates it will be able to reuse \$6.3 million of the hardware and software purchased over the life of the now suspended project. They also identify several items (such as use cases, requirements listings, validation packages, business process analysis/re-engineering documentation) from the CSI project as improving management’s understanding of their business process and aiding in future development initiatives. It is difficult to attach a dollar value to these items as each has been through several iterations over the life of the project.

Current Status

Since the project’s suspension in May 2011 and ultimately cancellation in November 2011, Motor Vehicles has focused again on restructuring their approach. In November 2011, they released a road map to close out and transition the CSI project from a single massive development initiative, into a system development program office called FACE. The program office will divide the replacement of CSS in multiple smaller projects. Internal staff will do each project using existing technologies within Motor Vehicles and following an Agile development approach.

To date the FACE program office has identified a total of 34 separate projects needed to replace CSS. Motor Vehicles has or will be initiating 13 of these smaller projects by September 2012, and anticipates they will cost almost \$8 million to complete and will be done by June 2013.

As these initial projects are completed the opportunity exists that the number of projects and nature of the work could increase. Management has not defined the scope, duration and cost of the currently remaining projects. Given this, management has not projected if this approach will be more or less costly than the original project.

Financial Management System
and
Unemployment Insurance Modernization Project (UI Mod)
Virginia Employment Commission

Background

The Virginia Employment Commission (Employment Commission) continues to develop two system projects to replace multiple outdated systems. These projects are the Financial Management System Project and the Unemployment Insurance Modernization Project (UI Mod).

Risks

Within the past year, the Employment Commission has adequately managed two issues that jeopardize the scope and success of the projects. Both project plans include partial funding from penalties and interest collected by the Employment Commission; the Financial Management System project plan includes \$1.5 million in penalties and interest funding while the UI Mod project plan includes \$9.4 million. The Employment Commission used \$2.9 million in penalties and interest funding to repay interest on federal loan in September 2011. There are still sufficient penalty and interest funds currently available for the system development projects; however, as long as interest accumulates on the federal funding borrowed, a chance exists that the penalties and interest funding planned for systems development could be lost.

In addition, the Employment Commission and the Virginia Information Technologies Agency (VITA) have agreed that the production environment for both the UI Mod and the Financial Management System will reside at the Commonwealth Enterprise Solutions Center. VITA has granted the Employment Commission authority to host the development, test, and quality control environments at the Employment Commission's data center for the UI Mod and Financial Management projects using federally funded servers purchased by the Employment Commission. In addition, due to delays with the production environment requirements, VITA has granted the Employment Commission permission to host the UI Mod production environment temporarily. VITA and the Employment Commission still need to formally agree on how long the Employment Commission will temporarily host the projects and ensure they are working on the same timeline.

OVERVIEW

Objectives and Scope

The APA audits a number of systems development projects across the Commonwealth, and Appendix A has our on-going summary of these projects. The objectives of our audits are to determine that:

- the project manager complies with the Commonwealth's Project Management Standards, as issued by the Virginia Information Technologies Agency (VITA); or, if the agencies is exempt from VITA, that the project manager complies with project management best practices, and
- the project remains on time, within budget, and on scope.

Methodology

We continuously monitor various resources when identifying potential systems development projects, including Legislative meetings, the Appropriation Act and Budget Bill, agency management and systems professionals, VITA's Project Management Division and other sources. Once we identify a potential systems development project, we maintain a record of that system as it progresses through its development lifecycle.

The volume of ongoing projects at any one time dictates that we identify and follow only those that represent the most risk to the Commonwealth. To assess risk, we accumulate and use information pertaining to the system under development to calculate a risk score. Several times a year, we re-evaluate both new and current projects to determine if any significant changes in risk level took place. When a project risk is higher than previously shown, then the project undergoes a detailed review.

Our reviews generally include examining documents such as the project charter, project planning documents, and risk mitigation strategies. We regularly attend project meetings to note any issues affecting the project and meet with project managers to offer suggestions and recommendations based on our experience monitoring system implementations throughout the Commonwealth.

Our goal is to detect problems at the earliest possible point and alert decision makers to this information, thereby reducing project failures as well as costs. During our review process, we also gain an understanding of the system and its controls that will allow us to plan future audit work involving that system. Earlier releases of this report contain a detailed explanation of our review process, which we have not included with this report.

Effective July 1, 2009, the Code of Virginia 2.2-1509.3 began requiring the Budget Bill to include appropriations for major information technology projects. As part of our regular review process we reconcile projects in the Budget Bill to information we have collected regarding current and anticipated projects. If we identify discrepancies, such as projects not in the Budget Bill but on

our list of anticipated projects, we inquire with VITA and the proponent agency to identify why the discrepancy exists. If we cannot resolve the discrepancy and believe the project should be in the Budget Bill, we bring the matter to Senate Finance and House Appropriations staff during the legislative session.

Results

During the year, we report the results of our project reviews in different ways, depending on the circumstances. Often we include project background and status information within the annual audit report of the agency. However, if there is a legislative request that we review a system, we will prepare a written report specifically addressing that request. Finally, if we identify serious project management concerns, which the agency has not resolved in a timely manner, we immediately prepare a report detailing the concerns and any recommended corrective action(s).

The purpose of this report is to provide a progress report of selected projects along with presenting any recommendations we may have to improve project management practices. Specifically, this report highlights the following systems development projects.

- Cardinal and Performance Budgeting Enterprise Applications
Departments of Planning and Budget and Accounts
- Modernization Program
Virginia Retirement System
- Customer Services System Integrated Systems Redesign
Department of Motor Vehicles
- Financial Management System and Unemployment Insurance Modernization Project (UI Mod)
Virginia Employment Commission

Appendix A contains a background and history of all the projects we are currently following. All agencies with a project included in this report have verified the accuracy of information included in this report. However, since there were no new findings presented in this report, we did not conduct a formal exit conference or receive an agency response. The reader can find previously released reports by searching a specific agency name on the Auditor of Public Accounts' website at www.apa.virginia.gov.

Comprehensive List of Systems Development Projects Currently Under Review

The systems development projects listed below are those projects we are actively monitoring. While this list is not inclusive of all current projects across the Commonwealth, it does represent those projects that we consider of the highest importance due to risk, budget, and/or impact of the system. We discuss emerging project issues within a project’s grid and summary below, or within the section above titled, “Highlights of Selected Systems Development Projects.”

<u>Agency</u>	<u>System Name</u>	<u>System Budget</u>	<u>Page</u>
Employment Commission	Financial Management System	4,734,900	9
Employment Commission	Unemployment Insurance Modernization Project	58,541,155	10
Medical Assistance Services	HIPAA Upgraded Transactions	8,624,000	11
Professional and Occupational Regulation	Electronic Access to the Government Licensing and Enforcement System (EAGLES)	8,308,645	12
Retirement System	Modernization Program	36,200,000	13
Social Services	Automated Child Care Subsidy Payment System	20,364,802	14
Social Services	Enterprise Delivery System Program	9,722,312	15
Transportation	Cardinal Project	<u>58,337,353</u>	16
Total Budget		<u>\$204,833,167</u>	

We have not repeated all projects reported in our March 2011 progress report on the following pages because some of the projects may have ended or been reprioritized as a lower risk. The reader can find historical information on these and other projects in our previous progress reports available at www.apa.virginia.gov.

Financial Management System

The Virginia Employment Commission (Employment Commission) plans to implement a modern, integrated, financial management system to replace their 40 year old, mainframe batch system. The Employment Commission will procure an off-the-shelf solution and configure the solution to meet the requirements of both the Commonwealth and the United States Department of Labor. Implementation will include adjusting the Employment Commission’s internal business processes to meet the abilities of the solution.

The Employment Commission relies heavily on the current mainframe system to support both administrative and complex unemployment insurance financial activities. In addition to implementing a new financial management system, the Employment Commission is developing the Unemployment Insurance Modernization Project (UI Mod), which will completely replace the Employment Commission’s UI service delivery applications. The Financial Management System will interface with the UI Mod system, thus increasing the criticality and the time sensitivity of the Financial Management System implementation.

The Employment Commission completed the request for proposal process, identified the top vendor for the project, and submitted the project to VITA for development approval in the summer of 2010. However due to hosting issues, the project was put on hold and rebid in the spring of 2011. The Employment Commission has completed vendor evaluations and is currently negotiating contract terms with the highest rated vendor. The Employment Commission anticipates the project duration to be approximately 15 months after development begins.

Sponsoring Agency Information	Secretary of Commerce and Trade Jim Cheng Project Sponsor..... Eddie Sparkman, Controller, VEC Project Manager Kim Lee, IT Project Manager, VEC
Current Phase of Development	Initiation
Project Timeline	<input type="checkbox"/> Project Initiation October 2009 <input type="checkbox"/> Detailed Planning Spring 2011 <input type="checkbox"/> Project Execution..... TBD <input type="checkbox"/> Project Closeout..... TBD
Total Budget	\$4,734,900
Funding	100 percent Federal Funds
Actual Costs (As of 11/30/11)	\$19,763
Outside Contractor(s)	TBD
Additional Information	The section above, entitled “Highlights of Selected Systems Development Projects,” contains additional information on this project.
Prior APA Report and Issue Date	Virginia Employment Commission Report on Audit, For the Year Ending June 30, 2011 http://www.apa.virginia.gov/reports/VEC2011.pdf

Unemployment Insurance Modernization Project (UI Mod)

The Virginia Employment Commission (Employment Commission) is developing an unemployment insurance (UI) system through the Unemployment Insurance Modernization Project (UI Mod). UI Mod will reengineer the Employment Commission’s business processes in order to provide expanded customer service, increase efficiency for Employment Commission staff, allow for a more timely response to legislative changes, provide the ability to meet all United States Department of Labor (DOL) reporting requirements, and improve system stability and reliability.

UI Mod will support the UI program, which has three major components: payment of UI benefits to unemployed workers, collection of UI taxes from employers, and accumulation of wage data for all citizens in the Commonwealth. The current systems are 20 to 30 years old and impose risks and limitations to the Employment Commission’s ability to administer the UI program adequately. In December 2011, the Employment Commission successfully implemented the Imaging and Workflow (IWF) system component of the UI Mod project. IWF is capable of scanning more than 95 thousand images a day and the Employment Commission migrated over 8 million documents to IWF during implementation.

The Commonwealth approved an allocation of \$45 million from the UI Trust Fund, under provisions of the Reed Act, to fund UI Mod. The Employment Commission plans to use penalty and interest funding for the remaining project costs.

Sponsoring Agency Information	Secretary of Commerce and Trade Jim Cheng Project Sponsor..... Shelby Robinson, Assistant Commissioner for Workforce Services, VEC Project Co-Sponsor..... William Walton, Unemployment Insurance Director, VEC Project Manager David Portner, VEC
Current Phase of Development	Detailed Planning
Project Timeline	<input type="checkbox"/> Information Technology Investment Board Approval..... September 2009 <input type="checkbox"/> Vendor Selection and Contract Negotiation January 2010 <input type="checkbox"/> Project Plan Complete August 2010 <input type="checkbox"/> Project Execution Begins..... November 2010 <input type="checkbox"/> UI Imaging and Workflow System (IWF) Complete..... December 2011 <input type="checkbox"/> UI Tax System Complete..... December 2012 <input type="checkbox"/> UI Benefit System Complete April 2013 <input type="checkbox"/> System Integration and Deployment..... April 2013 <input type="checkbox"/> Project Execution Completed June 2013 <input type="checkbox"/> Project Closeout..... November 2013
Total Budget	\$58,541,155
Funding	85 percent Federal Funds and 15 percent Special Revenue Funds
Actual Costs (As of 11/30/11)	\$14,625,105
Outside Contractor(s)	HCL America Inc., Prime Development Vendor National Association of State Workforce Agencies (NASWA), Business Consulting Services Impact Makers Inc., IV&V
Additional Information	The section above, entitled “Highlights of Selected Systems Development Projects,” contains additional information on this project.
Prior APA Report and Issue Date	Virginia Employment Commission, Report on Audit, For the Year Ending June 30, 2011 http://www.apa.virginia.gov/reports/VEC2011.pdf

Health Insurance Portability and Accountability Act (HIPAA) Upgraded Transactions

The Department of Medical Assistance Services (DMAS) is implementing the new HIPAA standard for electronic data interchange (EDI) transactions. HIPAA requires the use of standard transactions and code sets to conduct EDI transactions and DMAS must adopt the most current standard. In January 2009, the US Department of Health and Human Services published that HIPAA 5010/NCPDP 1.2 will be the standard for EDI transactions by January 1, 2012.

In November 2011, the Center for Medicare and Medicaid Services (CMS) issued a national 90 day extension to implement the new standard. DMAS was on schedule to meet the required date, but there was a lack of readiness with some medical providers. DMAS decided to extend the use of the old HIPAA standard until January 27, 2012 and, in November 2011, implemented a dual-use approach whereby medical providers could use either the old or new HIPAA standard when exchanging data with DMAS. DMAS has decided that under no circumstances will the extension for dual-use exceed the March 31st, 2012 deadline.

DMAS has met all major milestones and will exclusively use the new HIPAA standard prior to the extension date. DMAS anticipates the project will reduce manual intervention to resolve issues resulting in cost savings from the increased use of electronic transactions. DMAS has spent approximately \$5.1 million and the total planned costs to date are just over \$7.1 million. The project is 90 percent federally funded and DMAS has a fixed-price contract with the vendor ACS.

Sponsoring Agency Information	Secretary of Health and Human Services Dr. Bill Hazel Project Sponsor..... Scott Crawford, Deputy Director, DMAS Project Director Sylvia Hart, Division Director, DMAS Project Manager Frank Guinan, Program Manager, DMAS
Current Phase of Development	Execution and Control
Project Timeline	<ul style="list-style-type: none"> • Project Plan..... May 2011 • Project Development July 2011 • Project Testing..... September 2011 • Project Closeout February 2012
Total Budget	\$8,624,000
Funding	90 percent Federal Funds and ten percent Agency Funds
Actual Costs (As of 11/30/10)	\$5,102,191
Outside Contractor(s)	Affiliated Computer Services (ACS)
Additional Information	DMAS internal staffing costs are running less than planned and will allow the project to complete under budget.
Prior APA Report and Issue Date	No reports issued to date.

Electronic Access to Government Licensing and Enforcement System (EAGLES)

The Department of Professional Occupation and Regulation (DPOR) is implementing a licensing and enforcement system called EAGLES. EAGLES will expand public access through online licensing and permitting services and thereby eliminate the maintenance costs associated with their current system. The vendor no longer supports DPOR’s current licensing and enforcement system. EAGLES is a commercially available product provided by Iron Data.

DPOR successfully implemented Release 2 of EAGLES in November 2011. Although this release was several months behind schedule, it does not impact the overall timeline because DPOR concurrently worked on tasks for Release 3 to stay on schedule with the project timeline. DPOR has spent approximately \$5.2 million of the \$8.43 million project budget. DPOR is currently implementing the last phase, Phase 3, which has an estimated implementation date of August 2013.

Sponsoring Agency Information	Secretary of Commerce & Trade..... Jim Cheng Project Sponsor Steve Arthur, DPOR Project Director Gordon Dixon, DPOR Project Managers..... Jeanne Branch and Jennifer Kazzie, DPOR
Current Phase of Development	Execution and Control
Project Timeline	<input type="checkbox"/> Phase 1 Release September 2009 <input type="checkbox"/> Phase 2 Release July 2011 <input type="checkbox"/> Phase 3 Release August 2013 <input type="checkbox"/> Project Closeout January 2014
Total Budget	\$8,308,645
Funding	100 percent Non-General funds
Actual Costs (As of 11/31/10)	\$5,153,215
Outside Contractor(s)	Primary Contractor: Iron Data (formally VERSA) IV&V Contractor: Impact Makers
Additional Information	DPOR has a new project manager, Jennifer Kazzie. She is VITA certified and was on the project team before replacing the previous project manager, Brenda Thomas.
Prior APA Report and Issue Date	Department of Professional Occupation Report on Audit, For the Year Ending June 30, 2009 http://www.apa.virginia.gov/reports/DPOR_08-09.pdf

Modernization Program

The Virginia Retirement System (Retirement System) is replacing their existing mainframe-based software systems with a web-based platform, changing the way employers and members interact with the Retirement System. The Retirement System divided the project into four phases. Phases I and II have been completed and focused on detailed planning, business process re-engineering, and the development of key project management documents. Phase III focuses primarily on replacing the aspects of the existing software that support employer interactions with the Retirement System. Phase IV will address member-related business processes, as well as any outstanding employer business processes.

During calendar years 2010 and 2011, the Retirement System continued to experience vendor project management and communication issues as well as project schedule slippage. On two separate occasions, the Retirement System worked with their vendor, Sagitec, to revise the project plan and develop more rigorous project monitoring tools.

In November 2011, the Retirement System determined that, due to slippage of critical tasks for phase III, the scheduled March 2012 implementation was no longer attainable. As a result, the Retirement System decided to reduce Sagitec’s involvement with the project and is currently in contract negotiations with Sagitec to determine how involved Sagitec will be in the future.

Sponsoring Agency Information	Co-SponsorsL. Farley Beaton, Jr., Chief Technology Officer, VRS Co-SponsorsDonna Blatecky, Deputy Director of Customer Relations, VRS Program Manager:.....Denise Rasmussen, Program Manager, VRS
Current Phase of Development	Execution and Control
Project Timeline	<ul style="list-style-type: none"> <input type="checkbox"/> Sagitec Solutions, LLC Contract Signed Fall 2008 <input type="checkbox"/> Phase I – Project Planning January 2009 <input type="checkbox"/> Phase II – Reengineering March 2009 <input type="checkbox"/> Phase III – Employer Related Business Processes <ul style="list-style-type: none"> o Design August 2009 o Development October 2009 o System Integration Testing February 2011 o Planned Go-Live October 1, 2012 <input type="checkbox"/> Phase IV – Member Related Business Processes <ul style="list-style-type: none"> o Anticipated Start TBD o Anticipated Go-Live TBD
Total Budget	Initially projected and approved budget of \$42,850,000, however the Retirement System anticipates changes in the near future.
Funding	Agency Funds
Actual Costs (As of 11/30/11)	Project: \$18,930,178
Outside Contractor(s)	Contractor: Sagitec Solutions, LLC IV and V Contractor: CACI, Inc.
Additional Information	Total Program Budget does not include salary costs of VRS staff assigned to project. The section above, entitled “Highlights of Selected Systems Development Projects,” contains additional information on this project.
Prior APA Report and Issue Date	Virginia Retirement System Report on Audit, For the Year Ending June 30, 2011 http://www.apa.virginia.gov/reports/VRS2011.pdf

Automated Child Care Subsidy Payment System

The Department of Social Services (DSS) is implementing a solution to automate the child care subsidy program for use by state and local workers. The Automated Child Care Subsidy system will be an integrated solution that reduces duplicate entries and better serves the current child care business model. The current child care systems do not include the functionality or capability necessary to meet the Federal mandate for error tracking and reporting of improper payments.

The project began in January 2010 and DSS has deployed the Child Care Subsidy Payment System. The Child Care Subsidy Payment System is currently in the project closeout phase and the project team anticipates the project completion will be on time and within budget.

Sponsoring Agency Information	Secretary of Health and Human Resources..... Dr. Bill Hazel Department of Social Services: Project Sponsor: Dottie Wells, Director of Early Childhood Development, DSS Program Manager: Kevin Platea, Division of Information Systems, DSS Business Project Director: Mary Ward, Child Care Subsidy Manager, DSS Business Project Manager: Sandy Graham, Child Care Subsidy Manager, DSS Project Manager: John Byrne, Division of Information Systems, DSS
Current Phase of Development	Project Closeout
Project Timeline	<input type="checkbox"/> Project Initiation May 2009 <input type="checkbox"/> Development Approval and Contract Award..... January 2010 <input type="checkbox"/> Contract Award..... January 2010 <input type="checkbox"/> System Design April 2010 <input type="checkbox"/> System Integration Testing December 2010 <input type="checkbox"/> User Acceptance Testing March 2011 <input type="checkbox"/> Training April 2011 <input type="checkbox"/> Pilot..... August 2011 <input type="checkbox"/> Software Deployment October 2011 <input type="checkbox"/> Project Closeout..... December 2011
Total Budget	\$20,364,802
Funding	100 percent Federal Funds
Actual Costs (As of 11/30/11)	\$14,419,716
Outside Contractor(s)	Primary contractors – Deloitte and ACS IV&V Service Provider – The North Highland Company
Additional Information	The Child Care system is been implemented in three phases. The last phase was completed in December 2011.
Prior APA Report and Issue Date	No reports issued to date.

EDS - Customer Portal Enterprise Delivery System Program

The Department of Social Services (DSS) is implementing the Enterprise Delivery System Program (EDSP) Customer Portal which represents one of the four major projects of the EDSP. The Customer Portal will be a self-service solution that will provide clients the ability to file applications for benefits or services through an online application process, report changes, and manage benefit accounts online.

The project team completed Phase 1 development and is scheduling its release in March 2012; however, the system development team encountered some delays in starting the system integration testing, but management plans to add resources in order to mitigate this delay. In spite of this delay, the project team anticipates the completion of the overall project on time and within budget; however, we are concerned that additional resources to testing may not mitigate the delays and the project will be behind schedule.

The Customer Portal project is currently in the Phase 2 of development and has a scheduled release date in June 2012. Based on the schedule, the project team anticipates closing out this project in July 2012.

Sponsoring Agency Information	Secretary of Health and Human Resources Dr. Bill Hazel Department of Social Services: Project Sponsor: Dottie Wells, Director of Early Childhood Development, DSS Technical Program Manager: Kevin Platea, Division of Information Systems, DSS Business Program Manager: Deborah Vaughn, Division of Information Systems, DSS Technical Project Manager: Carolyn Coleman-Dalton, Division of Information Systems, DSS Business Project Manager: Gloria Walker, Division of Information Systems, DSS
Current Phase of Development	Project Closeout
Project Timeline	<input type="checkbox"/> Project Initiation December 2010 <input type="checkbox"/> Development Approval and Contract Award January 2011 <input type="checkbox"/> Contract Award January 2011 <input type="checkbox"/> System Design April 2011 <input type="checkbox"/> Development Phase 1 June 2011 <input type="checkbox"/> Development Phase 2 August 2011 <input type="checkbox"/> System Integration Testing Phase 1 November 2011 <input type="checkbox"/> User Acceptance Testing Phase 1 November 2011 <input type="checkbox"/> Training November 2011 <input type="checkbox"/> System Integration Testing Phase 2 February 2012 <input type="checkbox"/> Software Deployment Phase 1 February 2012 <input type="checkbox"/> User Acceptance Testing Phase 2 February 2012 <input type="checkbox"/> Software Deployment Phase 2 June 2012 <input type="checkbox"/> Project Closeout July 2012
Total Budget	\$9,722,312
Funding	50 percent Federal Funds and 50 percent State Funds
Actual Costs (As of 11/30/11)	\$2,989,574
Outside Contractor(s)	Primary contractors – Deloitte and ACS IV&V Service Provider – CACI
Additional Information	None
Prior APA Report and Issue Date	No reports issued to date.

Cardinal Project

Cardinal represents a joint project between the offices of the Secretary of Transportation, Secretary of Finance, and the Virginia Information Technologies Agency to replace the Commonwealth’s financial system (CARS) and the Virginia Department of Transportation’s (VDOT) financial system with a modern enterprise wide financial system (base financial system). Cardinal will implement the base financial system in three parts. Part 1 was the successful implementation of Transportation’s financial system in December 2011. Part 2 of the project involves implementing Cardinal at the Department of Accounts (Accounts) during the fall of 2012. Part 3 involves an incremental roll out of Cardinal to all state agencies, which will occur over fiscal years 2014 and 2015. Parts 2 and 3 will provide the Commonwealth’s base financial system and will consist of general ledger, accounts payable and accounts receivable modules. These modules will provide the foundation for a modern financial system for the Commonwealth with the ability to add other modules and expand functionality in future phases.

The project development and implementation cost budget is \$58 million for Parts 1 and 2, which Transportation will primarily fund. As of the end of November 2011, project expenses totaled approximately \$49 million.

The project development and implementation cost budget for Part 3 is \$57 million, and the State Comptroller will fund this part using an existing working capital advance. Charges to agencies through an internal service fund will be used to repay the working capital advance and ongoing Part 3 operating costs.

Sponsoring Agency Information	Secretary of Transportation Sean Connaughton Project Sponsor Greg Whirley, VDOT Commissioner Project Manager Ned O’Neill, VDOT
Current Phase of Development	Execution and Construction
Project Timeline	Part 1: Through June 30, 2011 <input type="checkbox"/> Analysis and Design May 2010 <input type="checkbox"/> Execution and Construction October 2010 <input type="checkbox"/> System and User Test April 2011 <input type="checkbox"/> Cutover and Go-Live December 2011 Part 2: July 2011 – December 2012 Part 3: Fiscal years 2013+
Total Budget	\$58,337,353 for Part 1 and 2; Budget estimate for Part 3 approximately \$60 million primarily for licensing, as well as systems operation and maintenance
Funding	Part 1 and 2: All but \$7.3 million from special revenue funds. The \$7.3 million represents the Commonwealth’s funding from the \$30 million dollar Enterprise Applications Program Working Capital Advance established in Chapter 781 of the 2009 Appropriation Act. Part 3: Governor’s 2011 Budget submission provides for an internal service funding model whereby agencies pay a fee to use Cardinal.
Actual Costs (As of 11/30/11)	\$49,005,235
Outside Contractor(s)	Implementation Service Providers: Accenture IV&V Services Provider: CACI
Prior APA Report and Issue Date	Agencies of the Secretary of Transportation, For the year ending June 30, 2011 http://www.apa.virginia.gov/reports/CTF_10.pdf



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
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March 1, 2012

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
And Review Commission

We are currently conducting audits of the systems development process for several major information technology projects and submit our report entitled, **“Progress Report on Selected System Development Projects in the Commonwealth”** for your review.

We found that for the major information technology projects included in this progress report, the project managers comply with the Commonwealth’s Project Management Standard, as issued by the Virginia Information Technologies Agency or with project management best practices where exempt from the Commonwealth standard. In Appendix A, we have provided a summary of each of the projects we are currently following. Further, we include additional information on the projects at the Departments of Accounts, Planning and Budget, Virginia Retirement System, Virginia Employment Commission, and Department of Motor Vehicles to highlight unique aspects of their status.

This progress report does not include new audit recommendations for any of the projects we are currently following, but instead describes project history, activities, and status. We verified the accuracy of this information with all of the agencies; however, since there were no audit recommendations, we did not conduct an exit conference or receive an agency response.

AUDITOR OF PUBLIC ACCOUNTS